

SENATE BILL 769

By Johnson

AN ACT to amend Tennessee Code Annotated, Section  
39-14-152, relative to use of a counterfeit mark or  
logo.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 39-14-152, is amended by deleting  
such section in its entirety and substituting instead the following:

§ 39-14-152.

(a) As used in this section:

(1) "Counterfeit mark" means a spurious mark:

(A) That is applied to or used in connection with any items,  
goods, services, labels, patches, fabric, stickers, wrappers, badges,  
emblems, medallions, charms, boxes, containers, cans, cases, hangtags,  
documentation, or packaging or any other components of any type or  
nature that are designed, marketed, or otherwise intended to be used on  
or in connection with any goods or services;

(B) That is identical with, or substantially indistinguishable from, a  
mark registered in this state, any state or on the principal register in the  
United States Patent and Trademark Office and in use, whether or not the  
defendant knew such mark was so registered; and

(C) The application or use of which either:

(i) Is likely to cause confusion, to cause mistake, or to  
deceive; or

(ii) Otherwise intended to be used on or in connection with  
the goods or services for which the mark is registered.

(2) "Retail value" means:

(A) The counterfeiter's regular selling price for the goods or services bearing or identified by the counterfeit mark, unless the goods or services bearing or identified by the counterfeit mark would appear to a reasonably prudent person to be authentic, then the retail value shall be the price of the authentic counterpart. If no authentic reasonably similar counterpart exists, then the retail value shall remain the counterfeiter's regular selling price.

(B) In the case of labels, patches, fabric, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging or any other components of any type or nature that are designed, marketed, or otherwise intended to be used on or in connection with any goods or services, the retail value shall be treated as if each component was a finished good and valued as detailed in paragraph (a)(2)(A) of this section.

(3) "Bodily injury" includes a cut, abrasion, bruise, burn or disfigurement; physical pain or temporary illness or impairment of the function of a bodily member, organ, or mental faculty;

(4) "Serious bodily injury" means bodily injury which involves:

(A) A substantial risk of death;

(B) Protracted unconsciousness;

(C) Extreme physical pain;

(D) Protracted or obvious disfigurement; or

(E) Protracted loss or substantial impairment of a function of a bodily member, organ or mental faculty.

(b)

(1) It is an offense for a person to knowingly manufacture any items, goods, services, labels, patches, fabric, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentations, or packaging or any other component of any type or nature that are designed, marketed, or otherwise intended to be used on or in connection with any goods or services bearing or identified by a counterfeit mark.

(2) It is an offense for a person to knowingly use, display, advertise, distribute, transport, offer for sale, sell, or possess with the intent to sell or distribute any items, goods, services, labels, patches, fabric, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging or any other components of any type or nature that are designed, marketed, or otherwise intended to be used on or in connection with any goods or services bearing a counterfeit mark.

(c) In determining whether a person who possesses an item bearing or identified by a counterfeit mark possesses such item with the intent to offer for sale, sell, or distribute an item in violation of subdivision (b)(2), the trier of fact shall infer from the possession, custody or control of more than twenty-five (25) goods, labels, patches, fabric, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentations, or packages or any other components of any type or nature bearing a counterfeit mark that such person possesses the items with the intent to offer for sale, sell, or distribute them in violation of subdivision (b)(2).

(d)

(1)

(A) A violation of subdivision (b)(1) shall be a Class E felony if the offense involves less than one hundred (100) items bearing one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is five hundred dollars (\$500) or less, and shall be punished in accordance with § 40-35-111.

(B) Notwithstanding the provisions of subdivision (d)(1)(A), any person convicted of a violation of subdivision (b)(1), having previously been convicted of an offense under this section, shall be guilty of a Class D felony, if the offense involves less than one hundred (100) items bearing one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is five hundred dollars (\$500) or less, and shall be punished in accordance with § 40-35-111.

(2)

(A) A violation of subdivision (b)(1) shall be a Class E felony if the offense involves at least one hundred (100) items but less than one thousand (1000) items bearing one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is more than five hundred dollars (\$500) but less than one thousand dollars (\$1,000), and shall be punished in accordance with § 40-35-111.

(B) Notwithstanding the provisions of subdivision (d)(2)(A), any person convicted of a violation of subdivision (b)(1), having previously been convicted of an offense under this section, shall be guilty of a Class D felony, if the offense involves at least one hundred (100) items bearing

one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is more than five hundred (\$500) but less than one thousand (\$1,000), and shall be punished in accordance with § 40-35-111.

(3)

(A) A violation of subdivision (b)(1) shall be a Class D felony if the offense involves at least one thousand (1,000) items bearing one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is more than one thousand dollars (\$1,000) or more, but less than ten thousand dollars (\$10,000), and shall be punished in accordance with § 40-35-111.

(B) Notwithstanding the provisions of subdivision (d)(3)(A), any person convicted of a violation of subdivision (b)(1), having previously been convicted of an offense under this section, shall be guilty of a Class C felony, if the offense involves at least one thousand (1,000) items bearing one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is one thousand dollars (\$1,000) or more but less than ten thousand dollars (\$10,000), and shall be punished in accordance with § 40-35-111.

(4)

(A) A violation of subdivision (b)(1) shall be a Class C felony if the offense involves at least five thousand (5,000) items bearing one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is ten thousand dollars

(\$10,000) or more but less than sixty thousand dollars (\$60,000), and shall be punished in accordance with § 40-35-111.

(B) Notwithstanding the provisions of subdivision (d)(4)(A), any person convicted of a violation of subdivision (b)(1), having previously been convicted under this section, shall be guilty of a Class B felony, if the offense involves at least five thousand (5,000) items bearing one (1) or more counterfeit marks, or the total retail value of all goods and services bearing or identified by a counterfeit mark is ten thousand dollars (\$10,000) or more but less than sixty thousand dollars (\$60,000), and shall be punished in accordance with § 40-35-111.

(5) A violation of subdivision (b)(1) shall be a Class B felony if the offense involves at least ten thousand (10,000) items bearing one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is sixty thousand dollars (\$60,000) or more, and shall be punished in accordance with § 40-35-111.

(6)

(A) A violation of subdivision (b)(2) shall be a Class A misdemeanor if the offense involves less than one hundred (100) items bearing one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is five hundred dollars (\$500) or less, and shall be punished in accordance with § 40-35-111.

(B) Notwithstanding the provisions of subdivision (d)(6)(A), any person convicted of a violation of subdivision (b)(2), having previously been convicted of an offense under this section, shall be guilty of a Class

E felony if the offense involves less than one hundred (100) items bearing one (1) or more counterfeit marks, or the total retail value of all the goods and services bearing or identified by a counterfeit mark is five hundred dollars (\$500) or less, and shall be punished in accordance with § 40-35-111.

(7)

(A) A violation of subdivision (b)(2) shall be a Class E felony if the offense involves at least one hundred (100) but less than one thousand (1,000) items bearing one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is more than five hundred dollars (\$500) but less than one thousand dollars (\$1,000), and shall be punished in accordance with § 40-35-111.

(B) Notwithstanding the provisions of subdivision (d)(7)(A), any person convicted of a violation of subdivision (b)(2), having previously been convicted of an offense under this section, shall be guilty of a Class D felony if the offense involves at least one hundred (100) but less than one thousand (1,000) items bearing one (1) or more counterfeit marks, or the total retail value of all the goods and services bearing or identified by a counterfeit mark is more than five hundred dollars (\$500), but less than one thousand dollars (\$1,000), and shall be punished in accordance with § 40-35-111.

(8)

(A) A violation of subdivision (b)(2) shall be a Class D felony if the offense involves at least one thousand (1,000) but less than five

thousand (5,000) items bearing one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is at least one thousand dollars (\$1,000) but less than ten thousand dollars (\$10,000), and shall be punished in accordance with § 40-35-111.

(B) Notwithstanding the provisions of subdivision (d)(8)(A), any person convicted of a violation of subdivision (b)(2), having previously been convicted of an offense under this section, shall be guilty of a Class C felony if the offense involves at least one thousand (1,000) but less than five thousand (5,000) items bearing one (1) or more counterfeit marks, or the total retail value of all the goods and services bearing or identified by a counterfeit mark is at least one thousand dollars (\$1,000), but less than ten thousand dollars (\$10,000), and shall be punished in accordance with § 40-35-111.

(9)

(A) A violation of subdivision (b)(2) shall be a Class C felony if the offense involves at least five thousand (5,000) but less than ten thousand (10,000) items bearing one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is at least ten thousand dollars (\$10,000) but less than sixty thousand dollars (\$60,000), and shall be punished in accordance with § 40-35-111.

(B) Notwithstanding the provisions of subdivision (d)(9)(A), any person convicted of a violation of subdivision (b)(2), having previously been convicted of an offense under this section, shall be guilty of a Class



B felony if the offense involves at least five thousand (5,000) but less than ten thousand (10,000) items bearing one (1) or more counterfeit marks, or the total retail value of all the goods and services bearing or identified by a counterfeit mark is at least ten thousand dollars (\$10,000), but less than sixty thousand dollars (\$60,000), and shall be punished in accordance with § 40-35-111.

(10) A violation of subdivision (b)(2) shall be a Class B felony if the offense involves at least ten thousand (10,000) items bearing one (1) or more counterfeit marks, or the total retail value of all of the goods and services bearing or identified by a counterfeit mark is at least sixty thousand dollars (\$60,000), and shall be punished in accordance with § 40-35-111.

(11)

(A) A violation of subdivision (b)(1) or (b)(2) shall be a Class C felony if by the commission of any offense under this section, the offender knowingly or recklessly causes or attempts to cause the bodily injury of another and shall be punished in accordance with § 40-35-111.

(B) Notwithstanding subdivision (d)(11)(A), any person convicted of a violation of subdivision (b)(1) or (b)(2), having previously been convicted of an offense under this section, shall be guilty of a Class B felony, if by the commission of any offense under this section, the offender knowingly or recklessly causes or attempts to cause the bodily injury of another and shall be punished in accordance with § 40-35-111.

(12)

(A) A violation of subdivision (b)(1) or (b)(2) shall be a Class B felony if by the commission of any offense under this section, the offender

knowingly or recklessly causes or attempts to cause the serious bodily injury or death of another and shall be punished in accordance with § 40-35-111.

(B) Notwithstanding subdivision (d)(12)(A), any person convicted of a violation of subdivision (b)(1) or (b)(2), having previously been convicted of an offense under this section, shall be guilty of a Class A felony, if by the commission of any offense under this section, the offender knowingly or recklessly causes or attempts to cause the serious bodily injury or death of another, and shall be punished in accordance with § 40-35-111.

(13) Any person convicted of an offense under this section shall be fined in accordance with § 40-35-111, or up to three (3) times the retail value of the items seized, manufactured, or sold, whichever is greater.

(e) For purposes of determining the appropriate offense grade for a defendant violating subdivision (b)(1) or (b)(2), the quantity or retail value of all items bearing, or services identified by, every counterfeit mark the defendant used, displayed, advertised, transported, distributed, offered for sale, sold or possessed with the intent to sell or distribute at the time of the offense shall be aggregated.

(f)

(1) The court, in imposing sentence on a person convicted of an offense under this section, shall order, in addition to any other sentence imposed, that the person forfeit to the state,

(A) Any property constituting or derived from any proceeds the person obtained, directly or indirectly, as the result of the offense;

(B) Any of the person's property used, or intended to be used, in any manner or part, to commit, facilitate, aid, or abet the commission of the offense; and

(C) Any item that bears or consists of a counterfeit mark used in committing the offense.

(2) The forfeiture of property pursuant to subdivision (f)(1), including any seizure and disposition of the property and any related judicial or administrative proceeding, shall be governed by the procedures set forth in title 39, chapter 11, part 7.

(3) When a person is convicted of an offense under this section, the court, shall order the person to pay restitution to the trademark owner and any other victim of the offense in the same manner as an offense against property referred to in title 39, chapter 14. In determining the value of the property loss involving an offense against the trademark owner, a court shall grant restitution for any and all amounts, including, but not limited to, expenses incurred by the trademark owner in the investigation and/or prosecution of the offense as well as the disgorgement of any profits realized by a person convicted of such offense.

(g)

(1) For the purposes of this section, any state or federal certificate of registration shall be prima facie evidence of the facts stated therein.

(2) The remedies provided for in this section shall be cumulative to the other civil and criminal remedies provided by law.

(h) Nothing in this section shall be construed as prohibiting an owner of intellectual property from seeking relief under any other provision of law, including the provisions of title 47, chapter 18, part 1, title 47, chapter 25, part 5, or title 47, chapter

25, part 11; provided, a defendant prosecuted under this section may not also be prosecuted for criminal simulation under § 39-14-115 based upon the same conduct.

SECTION 2. This act shall take effect July 1, 2007, the public welfare requiring it.